



**IAB Level 3 Certificate in Computerised Bookkeeping and Accounting
601/9055/3**

Qualification Specification

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1 Introduction

The Level 3 Certificate in Computerised Bookkeeping and Accounting qualification comprises two mandatory units:

- Principles of advanced computerised accounting – J/508/5846
- Use a computerised accounting package – D/508/6629

(See Section 11 'Unit specifications' for further details.)

The Total Qualification Time (TQT) and Guided Learning Hours (GLH) for this qualification are as follows:

TQT	GLH
150	70

TQT is an estimate of the amount of time that a learner might reasonably require to achieve the level of attainment necessary for the award of a qualification. TQT includes GLH, which describes the time spent by a learner being taught or instructed by a tutor or other appropriate provider of education or training. The remaining hours are time spent by the learner in preparation, study or any other form of participation in education or training that takes place as directed by, but not under the immediate guidance or supervision of, a tutor or other appropriate provider of education or training.

2 Statement of level

This is a Level 3 qualification, defined with reference to the Regulated Qualifications Framework (RQF), as follows:

Knowledge descriptor The learner:	Skills descriptor The learner can:
<ul style="list-style-type: none"> • has factual, procedural and theoretical knowledge and understanding of a subject or field of work to complete tasks and address problems that while well-defined, may be complex and non-routine • can interpret and evaluate relevant information and ideas • is aware of the nature of the area of study or work. • is aware of different perspectives or approaches within the area of study or work. 	<ul style="list-style-type: none"> • identify, select and use appropriate cognitive and practical skills, methods and procedures to address problems that while well-defined, may be complex and non-routine • use appropriate investigation to inform actions • review how effective methods and actions have been.

3 Purpose

Learners who complete the qualification successfully will have a comprehensive range of knowledge and skills and will be able to carry out period end bookkeeping routines and also perform tasks of a complex nature that fall within the function of computerised bookkeeping and accounting. They will be able to carry out a range of day-to-day computerised accounting routines and activities using commercially available accounting software. The activities will include the entry of complex business transactions, and routine bookkeeping tasks including posting to ledgers and the correction of bookkeeping errors including making use of the journal and a suspense account, leading to the production of a trial balance.

Successful completion of the qualification will give learners the skills required to be able to carry out routine period end adjustments including the adjustments for stock, prepayments and accruals, writing off bad debts and providing for doubtful debts. A further requirement will be to record the acquisition, depreciation and disposal of fixed assets by making use of a fixed asset register. They will also be required to produce reports for the preparation of period end financial statements and amendments to charts of accounts.

On completing the qualification, learners will have progressed to the stage whereby they can generate financial statements for a sole trader and partnership (trading and profit and loss account and a balance sheet).

4 Target groups

The Level 3 Certificate in Computerised Bookkeeping and Accounting qualification has been designed to appeal to learners:

- who already have a good working knowledge of the software, and wish to further their studies of computerised bookkeeping within a working business environment gaining a qualification at Level 3 of the regulated qualification framework
- who already have good practical knowledge and skills and wish to gain an accredited qualification in the subject
- and owners of small businesses as it gives coverage of the wide range of tasks that can be carried out using commercially available accounting software suitable for maintaining accounts for a small business.

5 Entry requirements

It is recommended that learners wanting to study bookkeeping and accounting at Level 3 already have a sound knowledge of bookkeeping up to and including trial balance stage. Suitable work experience would

qualify learners to commence their studies at this Level, as would the IAB Level 2 Award in Computerised Bookkeeping qualification or a similar qualification issued by another awarding body.

6 Progression

Holders of the Level 3 Certificate in Computerised Bookkeeping and Accounting qualification may progress to another qualification at:

- Level 3 carrying with them credits for units achieved to expand their knowledge and skills in the subject area
- a higher level, thereby developing their knowledge and skills in the subject area.

7 Assessment, achievement and grading

7.1 Methods of assessment

The method of assessment for each unit is outlined in the table below.

Assessment Title	Method of Assessment
Principles of advanced computerised accounting	Knowledge Test
Use a computerised accounting package	Paper Examination

The knowledge test is delivered online. Pilot assessments are provided for the purposes of practice and revision. Pilot assessments are not timed and can be undertaken as many times as the learner chooses. Once the pilot assessment is passed, the learner can attempt the live assessment. Live assessments are timed.

The examination must under controlled conditions and involves setting up an accounting system based on a particular scenario, completing a number of tasks and generating reports.

The time allowed for the examination is three hours.

Sample examination materials are available on the IAB website (in the Centre and Student areas).

7.2 Achievement and grading

To achieve the qualification learners must take and pass the assessments for the two mandatory units of which the qualification is comprised. To pass an assessment, the learner must achieve:

70% or above for the Knowledge Test

60% or above for the Examination

There are no grade scales – learners will receive either a pass or a fail result.

8 Certification

On achievement of all the mandatory units the learner will receive an IAB Level 3 Certification in Computerised Bookkeeping and Accounting certificate. The certificate will carry the full name of the learner as registered.

Learners who do not achieve the full qualification may request a Certificate of Unit Completion for any of the individual units they have passed. This certificate will refer only to the title of the unit completed.

9 Reasonable adjustments and special considerations

Please refer to the Centre Area of the IAB website www.iab.org.uk for a copy of this procedure.

10 Enquiries and appeals

Please refer to the Centre Area of the IAB website www.iab.org.uk for a copy of this procedure.

11 Unit Specifications

The unit specifications indicate the content, in terms of learning outcomes and assessment criteria, of each of the two mandatory units within the Level 3 Certificate in Computerised Bookkeeping and Accounting qualification.

All the learning outcomes and assessment criteria must be covered by providers when delivering the qualification. Each live assessment covers a selection of the unit learning outcomes and assessment criteria and full coverage is achieved across the live assessment variations for each unit.

The content of the assessments is subject to ongoing review by the IAB and changes periodically.

Each of the unit specifications is provided below.

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Unit title	Principles of advanced computerised accounting – J/508/5846		
Level	3		
GLH	10	Total Qualification Time	25
Learning Outcomes	Assessment Criteria		
<p>Demonstrate knowledge</p> <p>1 Understand the purpose of accounting concepts and standards, and recognise the qualitative characteristics of financial information</p>	<p>Learners are required to demonstrate that they:</p> <p>1.1 Understand the accounting terms 'true and fair'</p> <p>1.2 Understand how the following accounting concepts are used in computerised accounting:</p> <ul style="list-style-type: none"> • going concern • accruals • prudence • consistency • dual aspect • materiality • objectivity • realisation <p>1.3 Understand the purpose of domestic and international accounting standards and how these are reflected in reports generated by computerised accounting systems</p> <p>1.4 Understand how the following qualitative characteristics make financial information more useful:</p> <ul style="list-style-type: none"> • relevance • reliability (faithful representation) • understandability (ease of understanding) • comparability 		

<p>Demonstrate knowledge</p> <p>2 Understand the basics of computerised accounting</p>	<p>Learners are required to demonstrate that they:</p> <p>2.1 Understand the characteristics of sole trader, partnership, and limited company entities in terms of ownership, control and owner’s personal financial liability and how these are created in a computerised accounting system</p> <p>2.2 Recognise the advantages of using a computerised accounting system</p> <p>2.3 Understand the use of account codes and the purpose of the chart of accounts</p> <p>2.4 Understand the purpose of the following within a computerised accounting system:</p> <ul style="list-style-type: none"> • ledger accounts • the nominal ledger • debtor, creditor and VAT control accounts • supplier and customer files • customer and supplier activity/history reports • aged debtor and creditor reports • trial balance • summary audit trail • bank reconciliation • bank statement reconciled and unreconciled transactions • VAT return • budget reports • profit and Loss Account and Balance Sheet
<p>Demonstrate knowledge</p> <p>3 Understand terms used in accounting</p>	<p>Learners are required to demonstrate that they:</p> <p>3.1 Have a knowledge and understanding of the following terms:</p> <ul style="list-style-type: none"> • business transaction • income (capital and revenue) • expenditure (capital and revenue) • cash purchases and sales • credit purchases and sales, and purchases and sales returns • profit and loss • balance sheet • drawings • stock • trade debtors and creditors • bad debt • provision for doubtful debts • discounts (trade, bulk and prompt payment discounts) • wages, salaries, gross pay, net pay and statutory and voluntary deductions • depreciation • accruals and prepayments • VAT
<p>Demonstrate knowledge</p>	<p>Learners are required to demonstrate that they:</p>

<p>4 Understand the purpose of VAT Accounts and the VAT return</p>	<p>4.1 Understand the purpose of the VAT purchase tax and sales tax accounts 4.2 Understand the purpose of the VAT control account 4.3 Understand the function of the VAT return</p>
<p>Demonstrate knowledge 5 Understand the process of accounting for a stock valuation</p>	<p>Learners are required to demonstrate that they: 5.1 Understand what is meant by the accounting term 'stock' 5.2 Recognise the accounting concepts applied when: <ul style="list-style-type: none"> • using opening and closing stock valuations • valuing stock 5.3 Understand how opening and closing stock valuations are entered in a computerised accounting system 5.4 Understand where opening and closing stock valuations are used when generating reports for financial statements 5.5 Recognise the terms 'mark up' and 'margin' and know how to adjust selling price to cost price given mark up or margin and selling price 5.6 Recognise the term 'net realisable value' and know how to calculate net realisable value 5.7 Understand the rule on which cost and net realisable value are applied and identify the accounting concept on which the rule is based</p>
<p>Demonstrate knowledge 6 Understand the process of accounting for fixed assets</p>	<p>Learners are required to demonstrate that they: 6.1 Understand the terms 'capital' and 'revenue' expenditure and recognise the consequences of incorrectly classifying expenditure 6.2 Understand how the concept of materiality is applied when classifying expenditure as capital or revenue 6.3 Recognise costs that are generally capitalised when calculating the cost of a fixed asset 6.4 Understand what is meant by the accounting term 'depreciation' and know why fixed assets depreciate 6.5 Recognise the accounting concepts applied when providing for depreciation 6.6 Understand the following terms – 'capitalised cost', 'depreciable amount', 'useful life', 'residual value' and 'net book value' 6.7 Understand the use of the straight line and diminishing balance methods of depreciation and the bases on which depreciation is calculated (full year and month-for-month) 6.8 Understand the purpose of the fixed asset register 6.9 Understand the process for accounting for the disposal of a fixed asset 6.10 Know how the following information is used when generating reports for financial statements: <ul style="list-style-type: none"> • fixed asset costs • accumulated depreciation provisions </p>

	<ul style="list-style-type: none"> • annual depreciation charge • profit or loss on disposal
<p>Demonstrate knowledge</p> <p>7 Understand the process of accounting for prepayments and accruals</p>	<p>Learners are required to demonstrate that they:</p> <p>7.1 Recognise the accounting concepts applied when making adjustments for prepayments and accruals</p> <p>7.2 Understand how prepayments and accruals are maintained in a computerised accounting package</p>
<p>Demonstrate knowledge</p> <p>8 Understand the process of accounting for bad and doubtful debts</p>	<p>Learners are required to demonstrate that they:</p> <p>8.1 Recognise the terms 'bad' and 'doubtful debts' and understand the difference between a bad debt and provision for doubtful debts</p> <p>8.2 Recognise the accounting concepts applied when writing-off bad debts and providing for doubtful debts</p> <p>8.3 Understand the process for accounting for a bad debt write off in a computerised accounting package</p> <p>8.4 Recognise each of following as methods on which a doubtful debts provision is calculated:</p> <ul style="list-style-type: none"> • general provision • specific provision <p>8.5 Understand the process for calculating a provision for doubtful debts, and entering a provision for doubtful debts adjustment in a computerised accounting system</p> <p>8.6 Know how the following are used in the generation of reports for the purpose of financial statements:</p> <ul style="list-style-type: none"> • bad debt write-off • provision for doubtful debts adjustment • provision for doubtful debts
<p>Demonstrate knowledge</p> <p>9 Understand the purpose of a trial balance and a suspense account</p>	<p>Learners are required to demonstrate that they:</p> <p>9.1 Understand the purpose of the trial balance</p> <p>9.2 Recognise types of error the trial balance will not expose</p> <p>9.3 Recognise types of error exposed by the trial balance and know the process for tracing errors within the bookkeeping system</p> <p>9.4 Understand the purpose of the suspense account</p>
<p>Demonstrate knowledge</p> <p>10 Understand the purpose of financial statements</p>	<p>Learners are required to demonstrate that they:</p> <p>10.1 Recognise the format of the trading and profit and loss account generated by the computerised accounting package and understand its purpose</p> <p>10.2 Recognise the format of the balance sheet generated by the computerised accounting package and understand its purpose</p>

<p>Demonstrate knowledge</p> <p>11 Understand the principles of accounting for partnerships</p>	<p>Learners are required to demonstrate that they:</p> <p>11.1 Understand the term 'partnership'</p> <p>11.2 Recognise advantages and disadvantages of partnerships</p> <p>11.3 Recognise the main provisions of the Partnership Act 1890</p> <p>11.4 Understand the purpose of a Partnership Agreement and identify the main contents of such an agreement</p> <p>11.5 Recognise the purpose of the following accounts and reports</p> <ul style="list-style-type: none"> • partners' fixed capital accounts • partners' current accounts • partnership trading and profit and loss account • partnership profit or loss appropriation account • partnership balance sheet
<p>Demonstrate knowledge</p> <p>12 Understand the purposes of budgeting</p>	<p>Learners are required to demonstrate that they:</p> <p>12.1 Understand the purpose of budgets</p> <p>12.2 Understand the calculation of variances and how these can be used to aid management decisions</p>

Unit title	Use a computerised accounting package – D/508/6629		
Level	3		
GLH	60	Total Qualification Time	125
Learning Outcomes	Assessment Criteria		
Demonstrate skills 1 Set up a computerised accounting system	Learners are required to demonstrate that they can: 1.1 Use the set up function and enter details to set up a computerised accounting system for a business by completing appropriate fields within the set up procedure including: <ul style="list-style-type: none"> • business name • financial year • VAT scheme • customer and supplier details • nominal account names • budget figures 1.2 Enter outstanding customer and supplier invoices, credit notes and payments on account 1.3 Enter an opening trial balance 1.4 Make amendments to account details, account codes, names, add missing references or amend incorrect references 1.5 Set up accounts for recording transactions with the owner(s) and record transactions		
Demonstrate skills 2 Enter business transactions	Learners are required to demonstrate that they can: 2.1 Input data to account for credit-based transactions 2.2 Enter non-credit transactions 2.3 Process customer receipts and refunds 2.4 Process supplier payments and refunds 2.5 Process payments through the bank current account 2.6 Process payments made by a business credit card 2.7 Process petty cash transactions 2.8 Reconcile the balance on bank accounts, including credit cards 2.9 Record transactions relating to the owner(s) including amounts contribution by the owner(s) during the period		

<p>Demonstrate skills</p> <p>3 Prepare and post journal entries</p>	<p>Learners are required to demonstrate that they can:</p> <p>3.1 Prepare and post journal entries to account for the following:</p> <ul style="list-style-type: none"> • bad debts and VAT bad debt relief • provision for doubtful debts • the correction of errors • the clearing of balances on VAT purchase tax and sales tax accounts • wages and salaries (net pay, deductions from pay and employer on-costs) • goods taken by the owner for own use
<p>Demonstrate skills</p> <p>4 Account for a stock valuation</p>	<p>Learners are required to demonstrate that they can:</p> <p>4.1 Adjust a stock valuation</p> <p>4.2 Prepare and post a journal entry to account for closing stock</p>
<p>Demonstrate skills</p> <p>5 Account for fixed assets</p>	<p>Learners are required to demonstrate that they can:</p> <p>5.1 Maintain a fixed asset register by updating the fixed asset module within the computerised accounting package</p> <p>5.2 Use the fixed asset module to calculate depreciation using the straight line and diminishing balance methods applying the full year and month-for month bases</p> <p>5.3 Prepare and post a journal entry to account for a fixed asset bought on credit</p> <p>5.4 Post the depreciation charge for the period to the profit and loss account</p> <p>5.5 Record the disposal of a fixed asset in the computerised accounting system</p>
<p>Demonstrate skills</p> <p>6 Account for prepayments and accruals</p>	<p>Learners are required to demonstrate that they can:</p> <p>6.1 Make calculations to account for amounts received in advance, receivable in arrears, paid in advance and payable in arrears</p> <p>6.2 Prepare and post entries on to the computerised accounting system to account for prepayment and accruals adjustments</p>
<p>Demonstrate skills</p> <p>7 Account for bad and doubtful debts</p>	<p>Learners are required to demonstrate that they can:</p> <p>7.1 Account for the write off of a bad debt and claim VAT bad debt relief</p> <p>7.2 Calculate a provision for doubtful debts using the general provision or specific provision bases</p> <p>7.3 Calculate a provision for doubtful debts increase or decrease adjustment and enter the adjustment in a provision for doubtful debts account</p>
<p>Demonstrate skills</p> <p>8 Make end of period adjustments</p>	<p>Learners are required to demonstrate that they can:</p> <p>8.1 Adjust the accounts for period end adjustments including:</p> <ul style="list-style-type: none"> • stock • income • expenses • VAT

	<ul style="list-style-type: none"> • adjustments for partnership entries including interest on capital and drawings
<p>Demonstrate skills</p> <p>9 Amend the chart of accounts and generate reports</p>	<p>Learners are required to demonstrate that they can:</p> <p>9.1 Edit and check the chart of accounts to show specific categories of information</p> <p>9.2 Generate period end reports for a sole trader and/or partnership including:</p> <ul style="list-style-type: none"> • profit and loss account • balance sheet • VAT return • budget vs actual report <p>9.3 Generate other reports including:</p> <ul style="list-style-type: none"> • supplier and customer names and addresses • supplier and customer activity reports • aged debtors and creditor reports • trial balance • summary audit trail • bank statement reconciled and unreconciled transactions • day book reports (customer invoices and credits, supplier invoices and credits), by reference or date <p>9.4 Analyse figures to provide management information</p>

13 Links to National Occupational Standards (NOS)

The mandatory units within the Level 3 Certificate in Computerised Bookkeeping and Accounting qualification link with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FA-1 Process Income
- FA-2 Process Expenditure
- FA-3 Account for Income and Expenditure.